

## MACQUARIE AUSTRALIA CONFERENCE 2022 PRESENTATION

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**Challenger Limited (ASX:CGF)** attaches a copy of the presentation Managing Director and Chief Executive Officer Nick Hamilton will deliver at 11:15am today at the Macquarie Australia Conference 2022 in Sydney.

ENDS

This release has been authorised by Challenger's Continuous Disclosure Committee.

### **About Challenger**

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates three core investment businesses – a fiduciary Funds Management division, an APRA-regulated Life division and an APRA regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

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# Macquarie Australia Conference

**Nick Hamilton**

Managing Director & CEO

5 May 2022



# Purpose and strategy

Strategy for sustainable long-term growth remains unchanged

Our **purpose** is to provide customers with financial security for a better retirement

**Broaden customer access across multiple channels**

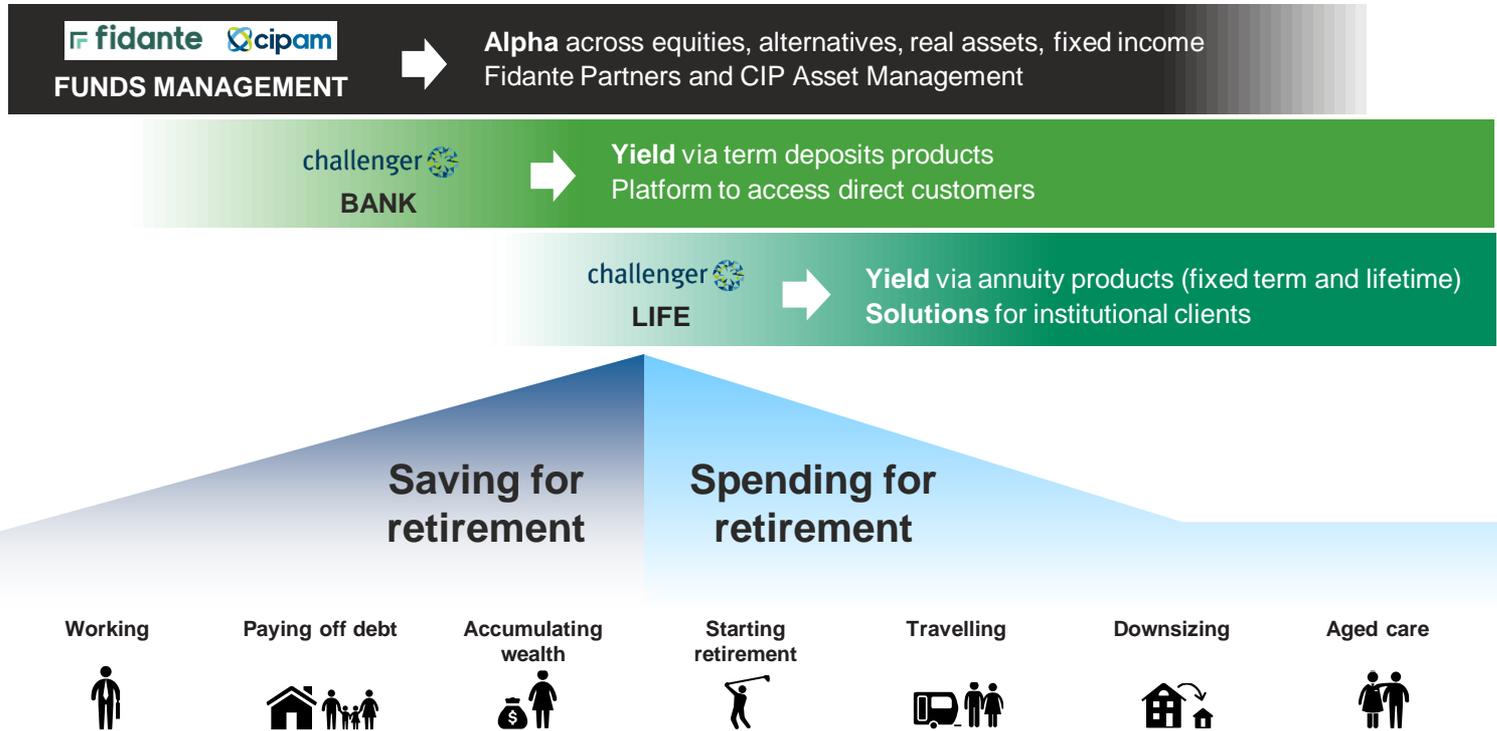
**Expand range of financial products and services for a better retirement**

**Leverage the combined capabilities of the group**

**Strengthen resilience and sustainability of Challenger**

# Meeting the needs of more customers

## Through yield, alpha and solutions



# Meeting the needs of more customers

Three complementary businesses positioned for growth

**Purpose** to provide customers with financial security for a better retirement

## SPREAD BASED INCOME

**Life**  
challenger 

#1 Australian retirement  
income business<sup>1</sup>

\$22bn assets<sup>2</sup>

**Bank**  
challenger 

Digital banking platform providing  
access to term deposit market

\$180m+ customer deposits<sup>2</sup>

## FEE BASED INCOME

**Funds Management**



One of Australia's fastest growing  
Fund Managers<sup>3</sup>

\$100bn AUM<sup>2</sup>

**Leveraging strategic partners**

**Strong capital position**

**Highly capable and engaged team**

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1. Plan for Life – December 2021 – based on annuities under administration.

2. As at March 2022.

3. Rainmaker Roundup, December 2021.

# Life

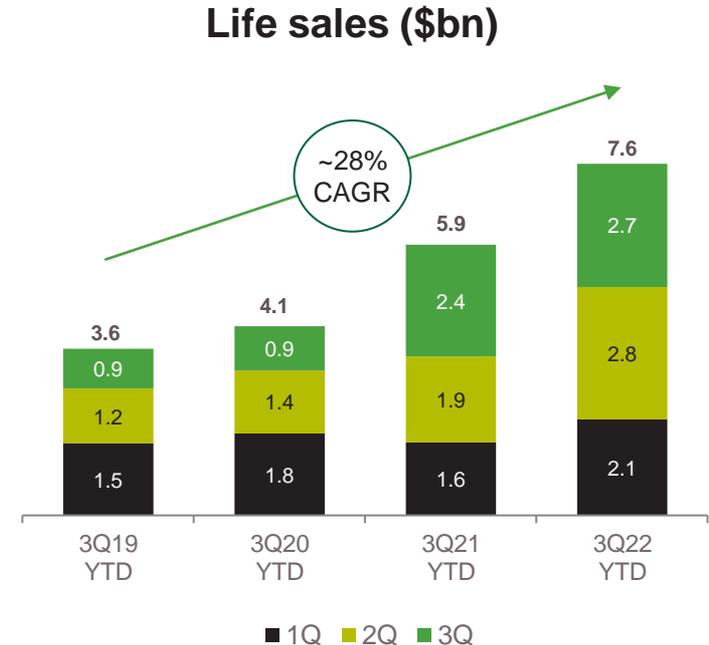
## #1 Australian retirement income business

✓ **Successful diversification strategy**  
Focus on institutional relationships

✓ **Record sales and strong book growth**  
3Q22 YTD Life sales \$7.6bn, up 30% on pcp  
3Q22 YTD Life book growth \$1.9bn or +11.2%

✓ **Focus on product innovation**  
Launched market-linked lifetime annuity

✓ **Retirement income covenant**  
Legislated and commencing July 2022



# Bank

## Digital banking platform providing access to term deposit market

- ✓ **Integration well progressed**
- ✓ **Expanding distribution channels**  
TDs available via comparator sites<sup>1</sup>  
Preparing for retail broker channel launch
- ✓ **Broadening lending capabilities**  
Commencing certain types of non-retail lending to include SME, CRE and corporate lending
- ✓ **Launching open banking**
- ✓ **Rebranding to Challenger**



**Winner of Mozo  
Experts Choice Awards<sup>2</sup>**

### **We're retiring the MyLife MyFinance name.**

Over the next few months, you'll start to see the Challenger name and look appearing on our communications with you.

Changing our name hasn't changed our focus on serving you.

#### **We're here to help**

Visit [mylifemyfinance.com.au/bankingwithChallenger](https://mylifemyfinance.com.au/bankingwithChallenger) or call us on 1300 221 479.



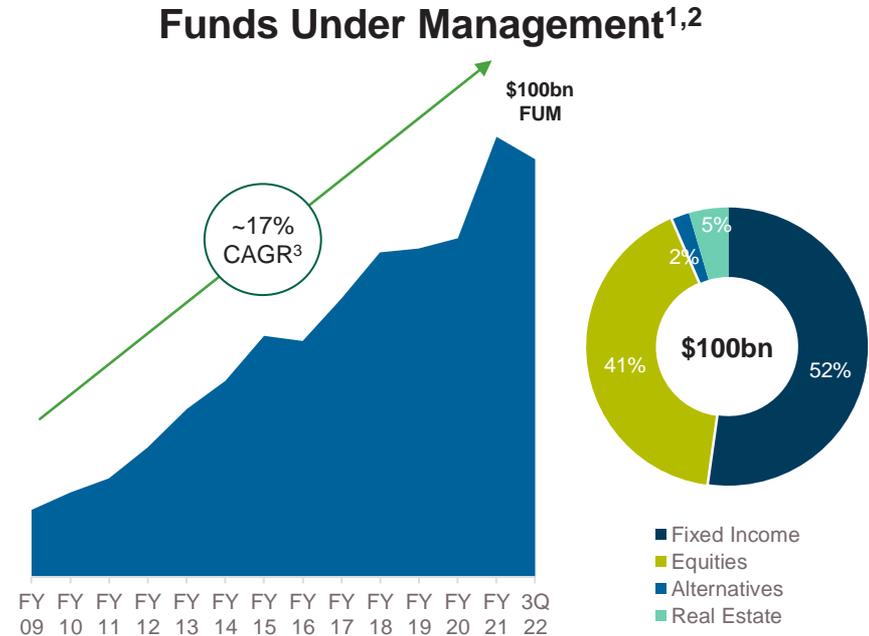
1. From September 2021 MyLife MyFinance branded term deposits available on Mozo and Canstar comparator sites.

2. In March 2022, MyLife MyFinance term deposits were awarded 'Best Personal Term Deposit', 'Best Business Term Deposit' and 'Best MySavings Account' as part of the Mozo Expert Choice Awards.

# Funds Management

## One of Australia's fastest growing Fund Managers

- ✓ **Diversified institutional client base**  
~90% of top 50 Australian super funds are clients
- ✓ **Market leading domestic distribution**  
Zenith 'Distributor of the Year' 2020 and 2021
- ✓ **Expanding offshore**  
UK and Singapore office established
- ✓ **Expanding product range**  
Strong pipeline of new boutique managers



# Capital management

**Strongly capitalised**

**Additional financial flexibility at Group**

**Strongly  
capitalised**

**Challenger Life Company  
PCA ratio<sup>1,2</sup>**

**1.65x**

**Above preferred operating level  
of 1.60x**

**Additional financial  
flexibility**

**S&P credit rating<sup>2</sup>**

**Challenger Life 'A'**  
stable outlook

**Challenger Limited 'BBB+'**  
stable outlook

**Group debt<sup>2</sup>**

**Nil**

\$400m undrawn facility

# Highly capable and engaged team

Focus on driving engagement, innovation and collaboration



## High employee engagement<sup>1</sup>

**81%** Sustainable engagement

**89%** Diversity & inclusion

**90%** Collaboration



## Driving innovation through Imagine

**80** Submissions focused on growth, simplification and One Challenger



## Supporting flexible working & employee well being



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1. 2022 Employee engagement survey, April 2022.

# Industry and macro trends supportive

Long-term tailwinds to support business momentum and growth

## Supportive long-term tailwinds

FY22

Earnings expected to be towards upper end of guidance range<sup>1</sup>

Superannuation system growth

**3x**

Expected to triple next 20 years<sup>2</sup>

Intergenerational wealth transfer

**\$175bn**

Wealth transfer p.a. by 2040<sup>3</sup>

Investors seeking yield



Investors seeking greater returns and capital certainty

Rising rates

**2.50%**

RBA cash rate forecast by Dec 2022<sup>4</sup>

Widening credit spreads

**▲ 50bps**

Australian corporate bond credit spreads FYTD<sup>4</sup>

Active management



Market volatility expected to benefit active management

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1. FY22 Normalised net profit before tax expected to be towards the upper end of \$430 million to \$480 million FY22 guidance range.
2. Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.
3. Wealth Transfers and their Economic Effects Productivity Commission Nov 2021
4. Bloomberg

# Challenger well positioned

## Meeting the needs of more customers

Strategy for sustainable long-term growth remains unchanged

Focused on meeting the needs of more customers through yield, alpha and solutions

Three complementary businesses positioned for growth

Success underpinned by highly capable and engaged team

Well positioned for future growth supported by industry and macro trends

# Important note

This presentation was prepared for the purpose of a briefing to equity analysts and certain wholesale investors on 5 May 2022.

The material in this presentation is general background information about Challenger Limited's activities and is current at the date of this presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors, potential investors or any other person and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Past performance is not an indication of future performance.

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